

OFFICE OF THE STATE CONTROLLER
STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2003-29
PUPIL PROMOTION AND RETENTION

DECEMBER 1, 2003

Revised October 15, 2010

In accordance with Government Code (GC) Section 17561, eligible claimants may submit claims to the State Controller's Office (SCO) for reimbursement of costs incurred for state mandated cost programs. The following are claiming instructions and forms that eligible claimants will use for the filing of claims for the Pupil Promotion and Retention (PPR) program. These claiming instructions are issued subsequent to adoption of the program's parameters and guidelines (P's & G's) by the Commission on State Mandates (Commission).

On May 23, 2002, the Commission determined that Education Code (EC) Sections 37252, 37252.5 (now 37252.2), 48070, and 48070.5 established costs mandated by the State according to the provisions listed in the P's & G's which are included as an integral part of the claiming instructions.

Eligible Claimants

Except for community colleges, any school district as defined by GC Section 17519, that incurs increased costs as a direct result of this mandate, is eligible to claim reimbursement of these costs.

A. Reimbursement Claims

A reimbursement claim is defined in GC Section 17522 as any claim filed with the SCO by a school district for reimbursement of costs incurred for which an appropriation is made for the purpose of paying the claim.

An actual claim may be filed by February 15 following the fiscal year in which costs were incurred. Claims for fiscal year 2009-10 will be accepted without penalty if postmarked or delivered on or before **February 15, 2011. Claims filed more than one year after the deadline will not be accepted.**

B. Late Penalty

1. Initial Claim

Late initial claims are assessed a late penalty of 10% of the total amount of the initial claims without limitation.

2. Annual Reimbursement Claims

Annual reimbursement claims must be filed by February 15 of the following fiscal year in which costs were incurred or the claims will be reduced by a late penalty.

Late annual reimbursement claims are assessed a late penalty of 10% of the claim amount; \$10,000 maximum penalty.

Minimum Claim Cost

GC Section 17564(a) provides that no claim may be filed pursuant to Sections 17551 and 17561, unless such a claim exceeds one thousand dollars (**\$1,000**), provided that a county superintendent of schools may submit a combined claim on behalf of school districts within their county if the combined claim exceeds **\$1,000**, even if the individual school district's claim does not each exceed **\$1,000**. The county superintendent of schools will determine if the submission of the combined claim is economically feasible and be responsible for disbursing the funds to each school district. These combined claims may be filed only when the county superintendent of schools is the fiscal agent for the districts. A combined claim must show the individual claim costs for each eligible school district. All subsequent claims based upon the same mandate will only be filed in the combined form unless a school district provides a written notice of its intent to file a separate claim to the county superintendent of schools and to the SCO at least one hundred and eighty days prior to the deadline for filing the claim.

Reimbursement of Claims

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating: "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure Section 2015.5.

Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

Audit of Costs

All claims submitted to the SCO are subject to review to determine if costs are related to the mandate, are reasonable and not excessive, and if the claim was prepared in accordance with the SCO's claiming instructions and the P's & G's adopted by the Commission. If any adjustments are made to a claim, a Notice of Claim Adjustment specifying the activity adjusted, the amount adjusted, and the reason for the adjustment, will be mailed within thirty days after payment of the claim.

On-site audits will be conducted by the SCO as deemed necessary. Pursuant to GC Section 17558.5, Subdivision (a), a reimbursement claim for actual costs filed by a claimant is subject to audit by the SCO no later than three years after the date the actual reimbursement claim was filed or last amended, whichever is later. However, if no funds were appropriated or no payment was made to a claimant for the program for the fiscal year for which the claim was filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim.

All documents used to support the reimbursable activities must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

Retention of Claim Documentation

All documentation to support actual costs claimed must be retained for a period of three years after the end of the calendar year in which the reimbursement claim was filed or last amended regardless of the year of costs incurred. If no funds were appropriated for initial claims at the time the claim was filed, supporting documents must be retained for three years from the date of initial payment of the claim. Therefore, all documentation to support actual costs claimed must be retained for the same period, and must be made available to the SCO on request.

Address for Filing Claims

Submit a signed original and a copy of form FAM-27, Claim for Payment, and all other forms and supporting documents. **To expedite the payment process, please sign the form in blue ink, and attach a copy of the form FAM-27 to the top of the claim package.**

Use the following mailing addresses:

If delivered by

U.S. Postal Service:

Office of the State Controller

Attn: Local Reimbursements Section

Division of Accounting and Reporting

P.O. Box 942850

Sacramento, CA 94250

If delivered by

other delivery services:

Office of the State Controller

Attn: Local Reimbursements Section

Division of Accounting and Reporting

3301 C Street, Suite 700

Sacramento, CA 95816

Mandated costs claiming instructions and forms are available online at the SCO's Web site: www.sco.ca.gov/ard_mancost.html. If you have any questions, call the Local Reimbursements Section at (916) 324-5729 or email LRSDAR@sco.ca.gov.

PARAMETERS AND GUIDELINES

Education Code Sections 37252, 37252.5 (now 37252.2), 48070, and 48070.5

Statutes 1981, Chapter 100

Statutes 1982, Chapter 1388

Statutes 1983, Chapter 498

Statutes 1990, Chapter 1263

Statutes 1998, Chapters 742 and 743

Pupil Promotion and Retention (98-TC-19)

I. SUMMARY OF THE MANDATE

On May 23, 2002, the Commission on State Mandates (Commission) adopted its Statement of Decision finding that Education Code sections 37252, 37252.5 (now 37252.2),¹ 48070, and 48070.5 require new activities, as specified below, which constitute new programs or higher levels of service for school districts within the meaning of article XIII B, section 6, of the California Constitution, and impose costs mandated by the state pursuant to Government Code section 17514.

Specifically, the Commission approved this test claim for the increased costs of performing the following specific new activities:

- The governing board of each district maintaining any or all of grades 7 through 12, shall offer summer school instructional programs for pupils who were assessed as not meeting the district's adopted standards of proficiency in basic skills pursuant to Education Code section 51215. The summer school programs shall also be offered to pupils enrolled in grade 12 the prior school year, who were assessed as not meeting the district's adopted standards of proficiency in basic skills. (Ed. Code, § 37252.)
- The governing board of each district maintaining any or all of grades 2 to 9, inclusive, shall offer programs of direct, systematic, and intensive supplemental instruction to pupils enrolled in grades 2 to 9, inclusive, who have been retained pursuant to Education Code section 48070.5. (Ed. Code, § 37252.5.)
- The school district shall provide a mechanism for a parent or guardian to decline to enroll his or her child in the supplemental instruction program. (Ed. Code, § 37252.5.)
- Each school district shall seek the active involvement of parents and classroom teachers in the development and implementation of supplemental instruction programs provided pursuant to Education Code section 37252.5. (Ed. Code, § 37252.5.)

¹ Education Code section 37252.5 was automatically repealed on January 1, 2003, and the substance of the statute was renumbered as Education Code section 37252.2 by Statutes 2000, chapter 72.

- The governing board of each school district and each county superintendent of schools shall adopt policies regarding pupil promotion and retention. (One-time activity.) (Ed. Code, § 48070.)
- The school district shall promote or retain any pupil only as provided in such adopted policies. (Ed. Code, § 48070.)
- The governing board of each school district and each county board of education shall, in those applicable grade levels, approve a policy regarding the promotion and retention of pupils between second grade and third grade; third grade and fourth grade; fourth and fifth grade; the end of the intermediate grades and the beginning of middle school grades which typically occurs between sixth grade and seventh grade; the end of the middle school grades and the beginning of high school which typically occurs between eighth grade and ninth grade. The policy shall provide for the identification of pupils who should be retained and who are at risk of being retained in their current grade level on the criteria specified in Education Code section 48070.5. (One-time activity.) (Ed. Code, § 48070.5.)
- If a pupil is performing below the minimum standard for promotion, the pupil shall be retained in his or her current grade level, unless the pupil's regular classroom teacher determines, in writing, that retention is not the appropriate intervention for the pupil's academic deficiencies. (Ed. Code, § 48070.5.)
- If the teacher's recommendation to promote is contingent upon the pupil's participation in a summer school or interim session remediation program, reassess the pupil's academic performance at the end of the remediation program, and reevaluate the decision to retain or promote the pupil. (Ed. Code, § 48070.5.)
- Provide and discuss the teacher's evaluation with the pupil's parent or guardian and the school principal before any final determination of pupil retention or promotion. (Ed. Code, § 48070.5.)
- Provide parental notification when a pupil is identified as being at risk of retention. Provide a pupil's parent or guardian the opportunity to consult with the teacher or teachers responsible for the decision to promote or retain the pupil. (Ed. Code, § 48070.5.)
- Provide a process for appeal of teacher's decision to retain or promote a pupil. (Ed. Code, § 48070.5.)
- Adopt the pupil promotion and retention policy at a public meeting of the governing board of the school district. (One-time activity.) (Ed. Code, § 48070.5.)

Teacher time is reimbursable for the provision of summer school and other supplemental instruction pursuant to Education Code sections 37252 and 37252.5, which by its very nature occurs outside of the normal school schedule.

In addition, the Statement of Decision notes that “any funds received for the costs of providing summer school to pupils who were assessed as not meeting the district’s adopted standards of proficiency in basic skills, ...” and “any funds received for the costs of providing supplemental instruction to pupils retained pursuant to Education Code section 48070.5, must be accounted for in the parameters and guidelines and in any reimbursement claims.” Specifically, Statutes 1998,

chapter 942 appropriated \$105 million specifically to fund the cost of remedial instruction pursuant to the policies adopted pursuant to Statutes 1998, chapters 742 and 743. Statutes 1998, chapter 942 also put a ten percent cap in place on total reimbursement for pupil attendance in summer school. In addition, the Budget Act of 1999 provides over \$309 million for summer school and remedial programs, \$108 million of which is specifically provided to fund remedial instruction pursuant to Section 37252.5.

II. ELIGIBLE CLAIMANTS

Any “school district,” as defined in Government Code section 17519, except for community colleges, which incurs increased costs as a result of this mandate, is eligible to claim reimbursement.

III. PERIOD OF REIMBURSEMENT

Government Code section 17557 states that a test claim must be submitted on or before June 30 following a given fiscal year to establish eligibility for that fiscal year. The test claim for this mandate was filed on June 21, 1999. Therefore, costs incurred for compliance with Statutes 1981, chapter 100; Statutes 1982, chapter 1388; Statutes 1983, chapter 498; and Statutes 1990, chapter 1263 are eligible for reimbursement on or after July 1, 1997.

The reimbursement period for activities required by Education Code section 37252, as added by Statutes 1981, chapter 100, and amended by Statutes 1982, chapter 1388, and Statutes 1990, chapter 1263, is July 1, 1997, through December 31, 1999. The reimbursement period concludes upon the operation of the substantive amendments of Statutes 1999, 1st Extraordinary Session, chapter 1, operative January 1, 2000.

Statutes 1998, chapter 742 was operative January 1, 1999. Therefore, costs incurred for compliance with Statutes 1998, chapter 742 are eligible for reimbursement on or after January 1, 1999.

Statutes 1998, chapter 743, which added Education Code section 37252.5 (now 37252.2), was operative September 23, 1998. Therefore, costs incurred for compliance with Statutes 1998, chapter 743 are eligible for reimbursement on or after September 23, 1998.

Actual costs for one fiscal year should be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Government Code section 17561, subdivision (d), all claims for reimbursement of initial years’ costs shall be submitted within 120 days of the issuance of the claiming instructions by the State Controller.

If the total costs for a given fiscal year do not exceed \$1000, no reimbursement shall be allowed, except as otherwise allowed by Government Code section 17564.

IV. REIMBURSABLE ACTIVITIES

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, and declarations. Declarations must include a certification or declaration stating, "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure section 2015.5. Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

For each eligible claimant, the following activities are eligible for reimbursement:

A. Pupil Promotion and Retention Policies. (Ed. Code, §§ 48070 and 48070.5.)
(One-time Activities)

1. Develop policies regarding pupil promotion and retention for adoption at a public meeting by the school district governing board and county superintendent of schools.² (Ed. Code, § 48070.) (Although this was added by Statutes 1983, chapter 498, operative July 28, 1983, reimbursement is limited to those districts performing the activity for the first time on or after July 1, 1997. *Reimbursement period begins: July 1, 1997.*)
2. Develop a policy regarding the promotion and retention of pupils between second grade and third grade; third grade and fourth grade; fourth grade and fifth grade; the end of the intermediate grades and the beginning of middle school grades, which typically occurs between sixth grade and seventh grade; and the end of the middle school grades and the beginning of high school, which typically occurs between eighth grade and ninth grade, for approval by the school district governing board and county superintendent of schools.³ (Ed. Code, § 48070.5, subd. (a).) (*Reimbursement period begins: January 1, 1999.*)

B. Notification to Parent or Guardian and Appeal Process of Teacher's Decision for Pupils Who are Performing Below the Minimum Standard for Promotion. (Ed. Code, § 48070.5.)
(Ongoing Activities – *Reimbursement period begins: January 1, 1999.*)

1. Provide and discuss the teacher's evaluation, or written recommendation that retention is not appropriate, with the pupil's parent or guardian and the school principal before any final determination of pupil retention or promotion. (Ed. Code, § 48070.5, subd. (d)(1).)
2. Provide parental notification when a pupil is identified as being at risk of retention. Provide a pupil's parent or guardian the opportunity to consult with the teacher or teachers responsible for the decision to promote or retain the pupil. (Ed. Code, § 48070.5, subd. (e).)

² The cost to prepare and post an agenda item for a public meeting of the governing board of the district is claimable under the *Open Meetings Act* Parameters and Guidelines (Stats. 1986, ch. 641).

³ See Appendix A for the minimum criteria required to be contained in the policy pursuant to Education Code section 48070.5.

3. Provide a process for appeal of teacher's decision to retain or promote a pupil.⁴ If an appeal is made, the burden shall be on the appealing party to show why the decision of the teacher should be overruled. (Ed. Code, § 48070.5, subd. (f).)
- C. Summer School Instructional Programs for Pupils Enrolled in Grades 7 through 12, Inclusive, and Pupils Enrolled in Grade 12 During the Prior School Year, Who Were Assessed as Not Meeting the District's Adopted Standards of Proficiency in Basic Skills Pursuant to Education Code Section 51215. (Ed. Code, § 37252.)⁵ (Reimbursement Period: July 1, 1997 – December 31, 1999.)⁶
1. Develop programs of instruction in basic skills in accordance with Education Code section 51215. (One-time Activity.)
 2. Purchase materials necessary for the instruction. (Ongoing Activity.)
 3. Provide instruction during the summer for pupils specified in Education Code section 37252. (Ongoing Activity.)
 4. Provide support services for mandatory pupil instruction programs during the summer. Reimbursement for this activity is limited to facilities, janitorial, and data processing. (Ongoing Activity – only the pro-rata portion used to implement this activity can be claimed.)

Instructor time for the provision of summer school pursuant to Education Code section 37252 is only reimbursable when it is required to occur outside the normal school schedule. "Outside the normal school schedule," as used throughout this document, means outside the school district's minimum daily minutes of instruction and minimum school days in a fiscal year, as defined in Education Code sections 41420, 46112, 46113, 46115, and 46141.

⁴ Since each school district may perform this activity differently, the following is an example of an appeal process:

- a. Convene a meeting with the assigned classroom teacher, counselor, and parent or guardian, to be conducted in the primary language of the parent or guardian.
- b. Contact the parent or guardian regarding the disposition of the appeal and provide a written notice shortly thereafter.

⁵ As added by Statutes 1981, chapter 100, and amended by Statutes 1982, chapter 1388, and Statutes 1990, chapter 1263.

⁶ The reimbursement period for this activity concludes upon the operation of the substantive amendments of Statutes 1999, 1st Extraordinary Session, chapter 1, operative January 1, 2000.

D. Supplemental Instruction Programs for Pupils Enrolled in Grades 2 through 9, Inclusive, Who Have Been Retained Pursuant to Education Code Section 48070.5. (Former Ed. Code, § 37252.5, now 37252.2.)⁷ (Ongoing Activities – *Reimbursement period begins: September 23, 1998.*)

1. Develop supplemental instruction programs, with the involvement of parents and classroom teachers, for pupils that have been retained pursuant to Education Code section 48070.5. An intensive remedial program in reading and written expression offered shall, as needed, include instruction in phoneme awareness, systematic explicit phonics and decoding, word attack skills, spelling and vocabulary, explicit instruction of reading comprehension, writing, and study skills. (Former Ed. Code, § 37252.5, subds. (f) and (g); Ed. Code, § 37252.2, subds. (e) and (f).)
 - a. Development of the program includes identifying, purchasing, and distributing texts and materials. (Only the pro-rata portion used to implement this activity can be claimed.)
 - b. Development of the program also includes providing reasonable notices and conducting meetings involving parents and classroom teachers in the development and implementation of supplemental instruction programs. (Former Ed. Code, § 37252.5, subd. (g); Ed. Code, § 37352.2, subd. (f).)
2. Provide supplemental instruction for each pupil that has been retained pursuant to Education Code section 48070.5. Services shall not be provided during the pupil's regular instructional day if it would result in the pupil being removed from classroom instruction in the core curriculum. (Former Ed. Code, § 37252.5, subd. (c); Ed. Code, § 37252.2, subd. (b).)
3. Provide a mechanism for a parent or guardian to decline to enroll his or her child in the supplemental instruction program.⁸ (Former Ed. Code, § 37252.5, subd. (a); Ed. Code, § 37252.2, subd. (a).)

*Instructor time for the provision of supplemental instruction pursuant to Education Code section 37252.2 is only reimbursable when it is required to occur outside the normal school schedule.*⁹

⁷ As added by Statutes 1998, chapter 743, operative September 23, 1998. This section was amended by Statutes 1999, chapter 78, operative July 7, 1999, and Statutes 2000, chapter 72, operative July 5, 2000. However, the activities identified are still required following the amendments. Regarding renumbering, see footnote 1.

⁸ Since each school district may perform this activity differently, the following is an example of a "mechanism":

Provide a form to parents or guardians in which they can check the "I decline" box if in disagreement with the placement. The parent or guardian should complete the name and signature portion of a form letter regarding supplemental instruction and return it to the school principal.

⁹ "Outside the normal school schedule" is defined under section IV. C.

E. Pupil Reassessment if the Teacher's Recommendation to Promote is Contingent Upon the Pupil's Participation in a Summer School or Interim Session Remediation Program (Ed. Code, § 48070.5, subd. (d)(1).) (Ongoing Activity – *Reimbursement period begins: January 1, 1999.*)

1. Reassess the pupil's academic performance at the end of the remediation program, and reevaluate the decision to retain or promote the pupil.

Instructor time for the provision of reassessment activities pursuant to Education Code section 48070.5, subdivision (d)(1), is only reimbursable when it is required to occur outside the normal school schedule.¹⁰

V. CLAIM PREPARATION AND SUBMISSION

Each of the following cost elements must be identified for each reimbursable activity identified in Section IV, Reimbursable Activities, of this document. Each claimed reimbursable cost must be supported by source documentation as described in Section IV. Additionally, each reimbursement claim must be filed in a timely manner.

A. Direct Cost Reporting

Direct costs are those costs incurred specifically for the reimbursable activities. The following direct costs are eligible for reimbursement:

1. Salaries and Benefits

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

2. Materials and Supplies

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied. Only the pro-rata portion of materials and supplies used to implement the reimbursable activities can be claimed.

3. Contracted Services

Report the name of the contractor and services performed to implement the reimbursable activities. Attach a copy of the contract to the claim. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the dates when services were performed and itemize all costs for those services.

¹⁰ “Outside the normal school schedule” is defined under section IV. C.

4. Fixed Assets and Equipment

Report the purchase price paid for fixed assets and equipment (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset or equipment is also used for purposes other than the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

5. Travel

Report the name of the employee traveling for the purpose of the reimbursable activities. Include the date of travel, destination point, the specific reimbursable activity requiring travel, and related travel expenses reimbursed to the employee in compliance with the rules of the local jurisdiction. Report employee travel time according to the rules of cost element A.1, Salaries and Benefits, for each applicable reimbursable activity.

B. Indirect Cost Rates

Indirect costs are costs that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned to other activities, as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been claimed as a direct cost.

Indirect costs include: (a) the indirect costs originating in each department or agency of the governmental unit carrying out state mandated programs, and (b) the costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

School districts must use the J-380 (or subsequent replacement) nonrestrictive indirect cost rate provisionally approved by the California Department of Education.

County offices of education must use the J-580 (or subsequent replacement) nonrestrictive indirect cost rate provisionally approved by the California Department of Education.

VI. RECORD RETENTION

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter¹¹ is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

¹¹ This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

VII. OFFSETTING SAVINGS AND REIMBURSEMENTS

Any offsetting savings the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, including but not limited to, service fees collected, federal funds and other state funds shall be identified and deducted from this claim.

Offsetting revenue includes, but is not limited to, annual budget act appropriations (Item 6110-104-0001).¹²

VIII. STATE CONTROLLER'S CLAIMING INSTRUCTIONS

Pursuant to Government Code section 17558, subdivision (b), the Controller shall issue claiming instructions for each mandate that requires state reimbursement not later than 60 days after receiving the adopted parameters and guidelines from the Commission, to assist local agencies and school districts in claiming costs to be reimbursed. The claiming instructions shall be derived from the statute or executive order creating the mandate and the parameters and guidelines adopted by the Commission.

Pursuant to Government Code section 17561, subdivision (d)(1), issuance of the claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon parameters and guidelines adopted by the Commission.

IX. REMEDIES BEFORE THE COMMISSION

Upon request of a local agency or school district, the Commission shall review the claiming instructions issued by the State Controller or any other authorized state agency for reimbursement of mandated costs pursuant to Government Code section 17571. If the Commission determines that the claiming instructions do not conform to the parameters and guidelines, the Commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the Commission.

In addition, requests may be made to amend parameters and guidelines pursuant to Government Code section 17557, subdivision (a), and California Code of Regulations, title 2, section 1183.2.

¹² See Budget Act of 1998, Statutes 1998, chapter 942; Budget Act of 1999, Statutes 1999, chapter 50; Budget Act of 2000, Statutes 2000, chapter 52; Budget Act of 2001, Statutes 2001, chapter 106; Budget Act of 2002, Statutes 2002, chapter 379; and Budget Act of 2003, Statutes 2003, chapter 157.

APPENDIX A

Education Code section 48070.5, as added by Statutes 1998, chapter 742, states:

(a) In addition to the policy adopted pursuant to Section 48070, the governing board of each school district and each county board of education shall, in those applicable grade levels, approve a policy regarding the promotion and retention of pupils between the following grades:

(1) Between second grade and third grade.

(2) Between third grade and fourth grade.

(3) Between fourth and fifth grade.

(4) Between the end of the intermediate grades and the beginning of middle school grades which typically occurs between sixth grade and seventh grade, but may vary depending upon the grade configuration of the school or school district.

(5) Between the end of the middle school grades and the beginning of high school which typically occurs between eighth grade and ninth grade, but may vary depending upon the grade configuration of the school or school district.

(b) The policy shall provide for the identification of pupils who should be retained and who are at risk of being retained in their current grade level on the basis of either of the following:

(1) The results of the assessments administered pursuant to Article 4 (commencing with Section 60640) of Chapter 5 of Part 33 and the minimum levels of proficiency recommended by the State Board of Education pursuant to Section 60648.

(2) The pupil's grades and other indicators of academic achievement designated by the district.

(c) The policy shall base the identification of pupils pursuant to subdivision (b) at the grade levels identified pursuant to paragraph (1) and (2) of subdivision (a) primarily on the basis of the pupil's level of proficiency in reading. The policy shall base the identification of pupils pursuant to subdivision (b) at the grade levels identified pursuant to paragraphs (3) through (5) of subdivision (a) on the basis of the pupil's level of proficiency in reading, English language arts, and mathematics.

(d)(1) If either measure identified in paragraph (1) or (2) of subdivision (b) identifies that a pupil is performing below the minimum standard for promotion, the pupil shall be retained in his or her current grade level unless the pupil's regular classroom teacher determines in writing that retention is not the appropriate intervention for the pupil's academic deficiencies. This written determination shall specify the reasons that retention is not appropriate for the pupil and shall include recommendations for interventions other than retention that in the opinion of the teacher are necessary to assist the pupil to attain acceptable levels of academic achievement. If the teacher's recommendation to promote is contingent upon the pupil's participation in a summer school or interim session remediation program, the pupil's academic performance shall be reassessed at the end of the remediation program, and the decision to retain or promote the pupil shall be reevaluated at that time. The teacher's

evaluation shall be provided to and discussed with the pupil's parent or guardian and the school principal before any final determination of pupil retention or promotion.

(2) If the pupil does not have a single regular classroom teacher, the policy adopted by the school district shall specify the teacher or teachers responsible for the promotion or retention decision.

(e) The policy shall provide for parental notification when a pupil is identified as being at risk of retention. This notice shall be provided as early in the school year as practicable. The policy shall provide a pupil's parent or guardian the opportunity to consult with the teacher or teachers responsible for the decision to promote or retain the pupil.

(f) The policy shall provide a process whereby the decision of the teacher to retain or promote a pupil may be appealed. If an appeal is made, the burden shall be on the appealing party to show why the decision of the teacher should be overruled.

(g) The policy shall provide that pupils who are at-risk of being retained in their current grade be identified as early in the school year, and as early in their school careers, as practicable.

(h) The policy shall indicate the manner in which opportunities for remedial instruction will be provided to pupils who are recommended for retention or who are identified as being at risk for retention.

(i) The policy adopted pursuant to this section shall be adopted at a public meeting of the governing board of the school district.

(j) Nothing in this section shall be construed to prohibit the retention of a pupil not included in grade levels identified pursuant to subdivision (a), or for reasons other than those specified in subdivision (b), if such retention is determined to be appropriate for that pupil. Nothing in this section shall be construed to prohibit a governing board from adopting promotion and retention policies that exceed the criteria established in this section.

PUPIL PROMOTION AND RETENTION CLAIM FOR PAYMENT			For State Controller Use Only		PROGRAM 244	
(19) Program Number 00244 (20) Date Filed (21) LRS Input						
(01) Claimant Identification Number			Reimbursement Claim Data			
(02) Claimant Name			(22) FORM-1, (04)(A)(1)(f)			
County of Location			(23) FORM-1, (04)(A)(2)(f)			
Street Address or P.O. Box		Suite	(24) FORM-1, (04)(B)(f)			
City	State	Zip Code	(25) FORM-1, (04)(C)(f)			
		Type of Claim	(26) FORM-1, (04)(D)(f)			
		(03) (09) Reimbursement <input type="checkbox"/>	(27) FORM-1, (04)(E)(f)			
		(04) (10) Combined <input type="checkbox"/>	(28) FORM-1, (06)			
		(05) (11) Amended <input type="checkbox"/>	(29) FORM-1, (07)			
Fiscal Year of Cost		(06)	(12)	(30) FORM-1, (09)		
Total Claimed Amount		(07)	(13)	(31) FORM-1, (10)		
Less: 10% Late Penalty (refer to attached Instructions)			(14)	(32)		
Less: Prior Claim Payment Received			(15)	(33)		
Net Claimed Amount			(16)	(34)		
Due from State		(08)	(17)	(35)		
Due to State			(18)	(36)		
<p>(37) CERTIFICATION OF CLAIM</p> <p>In accordance with the provisions of Government Code Sections 17560 and 17561, I certify that I am the officer authorized by the school district or county office of education to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Article 4, Chapter 1 of Division 4 of Title 1 of the Government Code.</p> <p>I further certify that there was no application other than from the claimant, nor any grant(s) or payment(s) received, for reimbursement of costs claimed herein; claimed costs are for a new program or increased level of services of an existing program; and claimed amounts do not include charter school costs, either directly or through a third party. All offsetting savings and reimbursements set forth in the parameters and guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.</p> <p>The amount for this reimbursement is hereby claimed from the State for payment of actual costs set forth on the attached statements.</p> <p>I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Signature of Authorized Officer</p> <p>_____</p> </div> <div style="width: 45%;"> <p>Date Signed _____</p> <p>Telephone Number _____</p> <p>E-mail Address _____</p> </div> </div> <p>Type or Print Name and Title of Authorized Signatory _____</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>(38) Name of Agency Contact Person for Claim</p> <p>_____</p> <p>Name of Consulting Firm / Claim Preparer</p> <p>_____</p> </div> <div style="width: 45%;"> <p>Telephone Number _____</p> <p>E-mail Address _____</p> <p>Telephone Number _____</p> <p>E-mail Address _____</p> </div> </div>						

PROGRAM
244

**PUPIL PROMOTION AND RETENTION
CLAIM FOR PAYMENT
INSTRUCTIONS**

FORM
FAM-27

- (01) Enter the claimant identification number assigned by the State Controller's Office.
- (02) Enter claimant official name, county of location, street or postal office box address, city, state, and zip code.
- (03) to (08) Leave blank.
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing a combined reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim as shown in the attached Form-1 line (11). The total claimed amount must exceed \$1,000.
- (14) Initial claims must be filed as specified in the claiming instructions. Annual reimbursement claims must be filed by **February 15** of the following fiscal year in which costs were incurred or the claims must be reduced by a late penalty. Enter zero if the claim is timely filed. Otherwise, enter the penalty amount as a result of the calculation formula as follows:
- Late Initial Claims: FAM-27 line(13) multiplied by 10%, without limitation; or
 - Late Annual Reimbursement Claims: FAM-27, line (13) multiplied by 10%, late penalty not to exceed \$10,000.
- (15) Enter the amount of payment, if any, received for the claim. If no payment was received, enter zero.
- (16) Enter the net claimed amount by subtracting the sum of lines (14) and (15) from line (13).
- (17) If line (16), Net Claimed Amount, is positive, enter that amount on line (17), Due from State.
- (18) If line (16), Net Claimed Amount, is negative, enter that amount on line (18), Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., Form-1, (04)(A)(1)(f), means the information is located on form Form-1, line (04)(A)(1), column (f). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement of Certification of Claim. The claim must be dated, signed by the agency's authorized officer, and must type or print name, title, telephone number and E-mail address. **Claims cannot be paid unless accompanied by an original signed certification. (To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**
- (38) Enter the name, telephone number, and E-mail address of the agency contact person for the claim. If claim is prepared by external consultant, type or print the name of the consulting firm, telephone number, and e-mail address.

SUBMIT A SIGNED ORIGINAL, AND A COPY OF FORM FAM-27, WITH ALL OTHER FORMS TO:

Address, if delivered by U.S. Postal Service:

**OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250**

Address, if delivered by other delivery service:

**OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursements Section
Division of Accounting and Reporting
3301 C Street, Suite 700
Sacramento, CA 95816**

Program 244	PUPIL PROMOTION AND RETENTION CLAIM SUMMARY	FORM 1
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(01) Claimant

(02)

Fiscal Year

____/____

Claim Statistics

(03) Leave Blank

Direct Costs**Object Accounts**

	(a) Salaries and Benefits	(b) Materials and Supplies	(c) Contract Services	(d) Fixed Assets	(e) Travel	(f) Total
(04) Reimbursable Activities						

One-Time Activities (A)

1.	Pupil Promotion and Retention Policies (EC §48070, effective 07/01/97)						
2.	Pupil Promotion and Retention Policies (EC §48070.5, effective 01/01/99)						

Ongoing Activities (B, C, D, & E)

B.	Notification to Parent or Guardian (Effective 01/01/99)						
C.	Summer School Instructional Programs (07/01/97-12/31/99)						
D.	Supplemental Instruction Programs (Effective 09/23/98)						
E.	Pupil Reassessment (Effective 01/01/99)						

(05) Total Direct Costs

Indirect Costs

(06) Indirect Cost Rate	[Refer to claiming instructions]	%
(07) Total Indirect Costs	[Line (05)(f) - line (05)(d) - \$ <input style="width: 50px;" type="text"/>] x line (06)	
(08) Total Direct and Indirect Costs	[Line (05)(f) + line (07)]	

Cost Reduction

(09) Less: Offsetting Savings	
(10) Less: Other Reimbursements	
(11) Total Claimed Amount	[Line (08) - {(line (09) + line (10))}]

Program 244	PUPIL PROMOTION AND RETENTION CLAIM SUMMARY INSTRUCTIONS	FORM 1
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- (01) Enter the name of the claimant.
- (02) Enter the fiscal year of costs.
- (03) Leave blank.
- (04) For each reimbursable component, enter the totals from Form 2, line (05), columns (d) through (h), to Form 1, block (04), columns (a) through (e), in the appropriate row. Total each row.
- (05) Total columns (a) through (f).
- (06) Enter the indirect cost rate from the Restricted Indirect Cost Rates for K-12 Local Educational Agencies (LEAs) Five Year Listing issued by the California Department of Education (CDE) School Fiscal Services Division, for the fiscal year of costs.
- (07) Total Indirect Costs. From the Total Direct Costs, line (05)(f), deduct Total Fixed Assets, line (05)(d), and any other item excluded from indirect cost distribution base in accordance with CSAM Procedure 915. Enter zero if there are no exclusions.
- (08) Enter the sum of Total Direct Costs, line (05)(f), and Total Indirect Costs, line (07).
- (09) Less: Offsetting Savings. If applicable, enter the total savings experienced by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.
- (10) Less: Other Reimbursements. If applicable, enter the amount of other reimbursements received from any source including, but not limited to, service fees collected, federal funds, and other state funds, which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (11) From Total Direct and Indirect Costs, line (08), subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10). Enter the remainder on this line and carry the amount forward to form FAM-27, line (13) for the Reimbursement Claim.

Program 244	PUPIL PROMOTION AND RETENTION ACTIVITY COST DETAIL	FORM 2					
(01) Claimant _____		(02) Fiscal Year _____					
(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.							
One-Time Activities							
<input type="checkbox"/> Pupil Promotion and Retention Policies (EC §48070, effective 07/01/97)		<input type="checkbox"/> Pupil Promotion and Retention Policies (EC §48070.5, effective 01/01/99)					
Ongoing Activities							
<input type="checkbox"/> Notification to Parent or Guardian (Effective 01/01/99)		<input type="checkbox"/> Supplemental Instruction Programs (Effective 09/23/98)					
<input type="checkbox"/> Summer School Instructional Programs (Effective 07/01/97 through 12/31/99)		<input type="checkbox"/> Pupil Reassessment (Effective 01/01/99)					
(04) Description of Expenses		Object Accounts					
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Employee Names, Job Classifications, Functions Performed, and Description of Expenses	Hourly Rate or Unit Cost	Hours Worked or Quantity	Salaries and Benefits	Materials and Supplies	Contract Services	Fixed Assets	Travel
(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/>		Page: ____ of ____					

Program 244	PUPIL PROMOTION AND RETENTION ACTIVITY COST DETAIL INSTRUCTIONS	FORM 2
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- (01) Enter the name of the claimant.
- (02) Enter the fiscal year for which costs were incurred.
- (03) Check the box which indicates the activity being claimed. Check only one box per form. A separate Form 2 shall be prepared for each applicable activity.
- (04) The following table identifies the type of information required to support reimbursable costs. To detail costs for the activity box checked in block (03), enter the employee names, position titles, a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, contract services, and travel expenses. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated and no payment was made at the time the claim was filed, the time for the Controller to initiate an audit will be three years from the date of initial payment of the claim. Such documents must be made available to the SCO on request.

Object/ Sub object Accounts	Columns								Submit supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
Salaries and Benefits									
Salaries	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked					
Benefits	Title Activities	Benefit Rate		Benefits = Benefit Rate x Salaries					
Materials and Supplies	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used				
Contract Services	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service			Cost = Hourly Rate x Hours Worked or Total Cost			Copy of Contract
Fixed Assets	Description of Equipment Purchased	Unit Cost	Usage				Cost = Unit Cost x Usage		
Travel	Purpose of Trip Name and Title Departure and Return Date	Per Diem Rate Mileage Rate Travel Cost	Days Miles Travel Mode					Cost = Rate x Days or Miles or Total Travel Cost	

- (05) Total line (04), columns (d) through (h) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the component/activity costs, number each page. Enter totals from line (05), columns (d) through (h) to form PPR-1, block (04), columns (a) through (e) in the appropriate row.